

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 4/8/2014	(3) CONTACT/PHONE Machelle Vieux, Deputy Director, General Services (805) 781-4688	
(4) SUBJECT Submittal of a resolution authorizing: 1. the surplus and sale of County-owned real property at 790 Cornwall Street in Cambria by public auction; and 2. a budget adjustment to increase the Library's Facilities Planning Reserve, Fund 1205000000, by the amount of the net proceeds of sale. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Hold a public auction for the County's vacant real property on Cornwall Street; 2. Approve a deed transferring title of the property to the highest qualified bidder; 3. Authorize the County Real Property Manager to sign all other related documents to close the escrow; and 4. Authorize a budget adjustment, after net proceeds of the sale have been determined, to increase the Library's Facilities Planning Reserve—Fund 1205000000 by the amount of the net proceeds of sale by 4/5 vote. 			
(6) FUNDING SOURCE(S) Revenue to Library's Facilities Planning Reserve	(7) CURRENT YEAR FINANCIAL IMPACT Net sale proceeds of sale. Minimum bid is \$250,000, with \$234,000 going to the Library's Facilities Planning Reserve	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est, <u>20 min</u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts/Grant Deed <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) n/a		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1314111 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? n/a	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>1/4/2005, 9/1/2009, 10/27/2009, 12/13/2011, 1/7/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 2 -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency

Machelle Vieux, Deputy Director, General Services, (805) 781-5200

DATE: 4/8/2014

SUBJECT: Submittal of a Resolution authorizing: 1. the surplus and sale of County-owned real property at 790 Cornwall Street in Cambria by public auction; and 2. a budget adjustment to increase the Library's Facilities Planning Reserve, Fund 1205000000, by the amount of the net proceeds of sale. District 2.

RECOMMENDATION

It is recommended that the Board:

1. Hold a public auction for the County's vacant real property on Cornwall Street
2. Approve a deed transferring title of the property to the highest qualified bidder
3. Authorize the County Real Property Manager to sign all other related documents to close the escrow.
4. Authorize a budget adjustment, to be completed by the Office after net proceeds of the sale have been determined, to increase the Library's Facilities Planning Reserve, Fund 1205000000 by the amount of the net proceeds of sale by 4/5 vote.

DISCUSSION

The former Cambria Library located at 900 Main Street has outgrown its space requirements over the past decade, and Library staff has worked with the Cambria Friends of the Library ("Cambria FOL") to find a new, larger location. It is a County policy that new library facilities can be considered for purchase when the community contributes half of the funds needed for the project. As agreed with the Cambria FOL, vacant lots at 790 Cornwall Street near the intersection of Hillcrest Drive (APNs 022-123-003 and 022-123-022) were purchased by the County on February 17, 2005 at a price of \$518,000 with the intention to build a new library on the property. The size of the lots total approximately 17,229 square feet and are zoned Commercial Retail. Attachment 1 is a location map and Attachment 2 is a parcel map.

In 2009, another property located at 1043 Main Street in Cambria, where a new building was under construction, was identified by the Cambria FOL as another option for the new library. It appeared to be a better location for the library and could be completed at a lower cost. The property was purchased by the County at a price of \$2,800,000 on November 3, 2009, and the new library opened at this location on December 26, 2013.

On September 1, 2009, the County signed a Memorandum of Understanding (MOU) with the Cambria FOL that estimated the cost to finish the new Cambria library improvements and determined the amount of funds necessary to be raised by the Cambria FOL. On December 13, 2011, a revised MOU extended the timeline for fundraising by the Cambria FOL and amended the sale requirement for the vacant lots on Cornwall Street so that they could be sold at any time. The County and the Cambria FOL are each credited 50% of the net proceeds of the sale of both the Cornwall lots and the former Cambria Library toward the fundraising goal for the new library.

Since the new library is now complete and the real estate market has somewhat improved, it is necessary to proceed with the sale of the Cornwall lots in order to reconcile the fundraising and sales proceeds with the total project costs. The County also intends to proceed with the sale of the former library location at 900 Main Street upon completion of a rezoning process. At this time, no government agency has opted to purchase the Cornwall lots. The Cambria Community

Services District had expressed an interest in acquiring the former library at 900 Main Street, but they rejected the County's offer because the appraised value of the property was more than the District was willing to pay and because the timing was problematic due to the District's recent funding commitment to an emergency water supply project."

Included with the sale of the Cornwall properties is 1.29 commercial equivalent water dwelling units (EDU's) allocated to APN 022-123-003 by the Cambria Community Services District (CSD) in an Intent to Serve Letter that is valid until June 1, 2017. The purchaser will need to have the Intent to Serve Letter transferred into their name. One of the two lots (APN 022-123-003) also is encumbered with an irrevocable license agreement that requires the property owner to provide parking for five cars to serve an off-site development.

Approval of the Resolution to Surplus and Sell (Attachment 4) will approve a public auction of the Cornwall properties on April 8, 2014. The Resolution of Intention to Surplus and Sell which was approved by the Board on January 7, 2014 set the public auction date and established that written bids were due by April 7, 2014 at 5:00 PM (see Bid Form, Attachment 3). The terms of the sale will be as follows:

- The minimum acceptable bid price will be \$250,000.
- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the offer.
- The balance of the purchase price shall be payable in cash through escrow, and escrow shall close within 45 days following approval of the County Board of Supervisors.
- The property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions, except that the sale will be subject to the approval of the assignment of County's 1.29 water equivalent dwelling units by the Cambria CSD to the purchaser at the purchaser's sole cost.
- Upon successful close of escrow, a real estate sales commission of three (3) percent of the selling price, or an amount as otherwise determined by California Government Code Section 25531 and 25532, shall be payable from the proceeds of sale to a selling broker who is instrumental in obtaining the offer to purchase, provided that the broker is identified at the time of the bid.
- County and purchaser shall pay their own customary closing costs for San Luis Obispo County.
- Title to the property shall be transferred in the form of a grant deed (Attachment 5).

The minimum bid has been proposed by staff based upon review of comparable sales data and an appraisal by a member of the Appraisal Institute (MAI) certified appraiser. Written bids received before the deadline will be opened at the auction, followed by an opportunity for oral bidding. In the event that no written bids are received, no oral bidding will take place, and the auction will be rescheduled.

The property has been marketed by direct mail to real estate offices, and a commission will be paid to a qualifying broker as described above. A sign has been placed on the property, and ads and legal notices have been run in a local newspaper and on Craigslist. Interested parties were also able to obtain a bid form by contacting Linda Van Fleet (lv fleet@co.slo.ca.us) or Ingrid Warren (iv arren@co.slo.ca.us) by e-mail or by calling County Real Property Services at 805-781-5200.

OTHER AGENCY INVOLVEMENT/IMPACT

County Library and the Cambria Friends of the Library are financial and supportive partners of the endeavor to bring a new, larger library to the community of Cambria. The Cambria CSD approved the Intent to Serve Letter for water service on APN 022-123-003 and will be processing a transfer to the new owner. The County Environmental Coordinator has issued a Notice of Exemption stating that the sale of the property is categorically exempt from CEQA per Section 15312 (a)(b)(2). On October 24, 2013, the County Planning Commission filed the General Plan Conformity Report, finding that the sale of the property is in conformity with the County General Plan. County Counsel has reviewed and approved the Resolution and bid form for legal form and effect.

FINANCIAL CONSIDERATIONS

The value of the Cornwall properties has depreciated since they were acquired by the County in 2005. When the eventual sales price of the property is determined at the auction, it is likely that additional fundraising efforts will be required to

make up any shortfall in achieving the financial goals as estimated in the 2011 Memorandum of Understanding between the County and the Cambria FOL. If the sales price of the property does not exceed the minimum bid, the accrued depreciation plus the costs to sell the property (approximately \$16,000) will result in a loss of approximately \$284,000.

On October 27, 2009, the Board approved the purchase of the new library building at 1043 Main Street, Cambria. As part of that purchase, a loan was made from the Library's Facilities Planning Reserve in the amount of \$631,784 to the project in order to purchase the building. The net proceeds from the sale of the Cornwall properties will pay back a portion of this loan. Approval of a budget adjustment request by 4/5 vote will increase the Library's Facilities Planning Reserve Fund 1205000000 by the amount of the net proceeds from the sale of the Cornwall properties, which is estimated at \$234,000 if the sale price is the minimum bid. The resolution authorizes the Auditor - Controller - Treasurer - Tax Collector's Office to complete the budget adjustment when the amount of the net proceeds is determined.

RESULTS

Approval of the Resolution will allow the Board to hold a public auction of vacant County-owned properties at 790 Cornwall Street. The sale will allow the net proceeds to be contributed toward the new, larger Cambria Library at 1043 Main Street to better serve the community of Cambria. This action will help the County to achieve a Communitywide Result of a Livable Community by promoting lifelong learning through improvements to our Library locations and programs.

ATTACHMENTS

1. Location Map
2. Parcel Map
3. Bid Form
4. Resolution
5. Grant Deed